

HOUSE BILL NO. 654

INTRODUCED BY R. KOOPMAN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT MEDICAL LOSSES INCURRED WITHIN THE MEDICAL DEDUCTIBLE PLAN MAY NOT BE USED TO CALCULATE AN EMPLOYER'S WORKERS' COMPENSATION EXPERIENCE MODIFICATION FACTOR; IMPOSING A PENALTY FOR DIRECT PAYMENT OF MEDICAL BENEFITS BY AN EMPLOYER; AMENDING SECTION 39-71-434, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 39-71-434, MCA, is amended to read:

"39-71-434. Deductible insurance policy provision for medical benefits -- penalty. (1) In order to lower the amount an employer is required to pay to obtain workers' compensation insurance coverage under this chapter, a workers' compensation policy issued by the state compensation insurance fund under plan No. 3 or by a private insurer under plan No. 2 must offer a deductible for the medical, hospital, and related services allowed under 39-71-704. The medical deductible must be offered in amounts of at least \$500.

(2) If the insured employer chooses to accept a medical deductible, the insured employer is liable for the amount of the deductible for the medical benefits paid for each otherwise compensable claim of work injury suffered by an employee.

(3) The insured employer shall contract with the insurer to have the insurer pay the entire cost of the covered medical benefits directly to the provider of medical or related services and then seek reimbursement from the insured employer for the deductible amount. The insurer is entitled to reimbursement only for medical, hospital, and related services allowed under 39-71-704, up to the amount of the deductible.

(4) If an insured employer who has contracted with an insurer for a medical deductible does not pay the medical deductible amount to the insurer through reimbursement, the amount paid by the insurer on the claim may be included as benefits paid in a determination of the insured employer's rate.

(5) If an insured employer chooses to accept a medical deductible, then for purposes of computing rates and rating plans, all medical losses incurred must be reported to the insurer without regard to the application of any medical deductible regardless of whether the employer or the insurer pays the losses. Medical losses

1 incurred within the medical deductible plan may not be used to calculate an employer's experience modification
2 factor.

3 (6) The department shall impose a \$50 penalty against a plan No. 2 or plan No. 3 policyholder who pays
4 medical benefits pursuant to chapter 72 or this chapter directly to the claimant or service provider. A penalty
5 collected under this section must be deposited in the uninsured employers' fund established in 39-71-503."

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7 NEW SECTION. **Section 2. Effective date -- applicability.** [This act] is effective July 1, 2005, and
8 applies to policies issued on or after July 1, 2006.

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